

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)  
501(c)(3) REVENUE BOND FINANCING PROGRAM**

**STAFF REPORT**

**EXECUTIVE SUMMARY**

<b>Applicant:</b>	Guided Discoveries, Inc. (GDI)	<b>Amount Requested:</b>	Not to exceed \$4,900,000
<b>Applicant Description:</b>	GDI is a 501(c)(3) corporation operating residential youth camps to provide outdoor education and recreational programs, primarily in marine biology, ecology and astronomy.	<b>Date of Board Meeting:</b>	March 9, 2010
		<b>Type of Issue:</b>	Refunding and New Issue
<b>Project Sites:</b>	232 Harrison Ave, Claremont 91771 1 Toyon Bay, Santa Catalina Island 90704 26800 Saunder Meadow, Idyllwild 92549 Port of Long Beach, Long Beach Camp Fox, Buttonshell Beach, Santa Catalina Island	<b>Resolution Number:</b>	10-10
		<b>Prepared by:</b>	Tara Dunn
<b>Project Description:</b>	The project (Project) involves (1) refunding I-Bank Bonds issued in 2002 (2002 Bonds) used to finance or refinance the acquisition, construction, rehabilitation and/or equipping of: the GDI's office headquarters facility in Claremont; the Astrocamp facility in Idyllwild; and the sailing vessel Tole Mour, berthed at the Port of Long Beach, Long Beach; and (2) financing or refinancing of all or a portion of the costs of: upgrades and improvements to existing facilities at Camp Fox at Buttonshell Beach and the Toyon Bay facility, both on Santa Catalina Island, and the Astrocamp facility in Idyllwild; as well as the acquisition and installation of a new waste treatment facility at Camp Fox.		
<b>Uses of Bond Proceeds:</b>	Bond proceeds will be used to pay the costs of the Project and costs of issuance.		
<b>Public Benefits:</b>	The Project will enable GDI to expand and upgrade its facilities in support of its educational and recreational programs and is expected to increase cash flow by lowering annual debt payments by approximately \$60,000.		
<b>Financing Structure:</b>			
<b>Type of Issue:</b>	Publicly-offered securities initially issued as variable-rate demand bonds in minimum denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, subsequently convertible to term bonds in denominations of \$5,000 or any integral multiples thereof.		
<b>Tax Status:</b>	Tax-exempt 501(c)(3) bonds		
<b>Term:</b>	Not to exceed 25 years.		
<b>Credit Enhancement:</b>	Initially, a direct-pay letter of credit from Comerica Bank, with an anticipated term of 5 years, subject to annual reinstatement unless a comparably rated credit facility is provided or bonds are converted to bear a term rate of interest with ratings no lower than "A3" (Moody's) or "A-" (S&P or Fitch).		
<b>Credit Rating:</b>	Expected A/F1 by Fitch based on the credit rating of Comerica Bank.		
<b>Est. Sources of Funds:</b>		<b>Est. Uses of Funds:</b>	
Par amount of the bonds	\$4,900,000	Refund 2002 Bonds	\$2,650,000
Equity Contribution	1,198,700	Project Costs	3,387,000
Reimbursement Catalina Conservancy	160,000	Costs of Issuance	221,700
<b>TOTAL SOURCES</b>	<b>\$6,258,700</b>	<b>TOTAL USES</b>	<b>\$6,258,700</b>
<b>Financing Team:</b>			
<b>Bond and Disclosure Counsel:</b>	Kutak Rock LLP		
<b>Underwriter:</b>	Comerica Securities		
<b>Trustee:</b>	Wells Fargo Bank, NA		
<b>Staff Recommendation:</b>	Staff recommends approval of Resolution 10-10 for an amount not to exceed \$4,900,000 for Guided Discoveries, Inc.		

## BACKGROUND AND HISTORY

Founded in 1978, Guided Discoveries, Inc. (GDI) is a California, 501(c)(3) educational organization that operates fee-based residential youth camps to provide outdoor educational programs, primarily in marine biology, ecology and astronomy. Currently, GDI's headquarters is located in Claremont and it operates five residential camps consisting of three camps on Santa Catalina Island, a camp near Idyllwild, California and a camp aboard a tall ship, based in Long Beach, California. GDI offers school programs for grades 4-12 from the last week of August through the last week of May and also summer camps for individuals from mid-June through mid-August.

**Catalina Island Marine Institute (CIMI)** - CIMI is located on Santa Catalina Island in Los Angeles County and operates facilities at three locations: Toyon Bay, Cherry Cove and Fox Landing. The programs and activities at CIMI focus on marine biology and island ecology.

**Astrocamp** – Astrocamp is located in the San Jacinto Mountains near Idyllwild, California. The programs and activities at Astrocamp emphasize physical science, astronomy and exploration of the universe.

**Sailing School Vessel (SSV) TOLE MOUR** – The SSV Tole Mour is the largest sailing school vessel on the west coast. The programs and activities on board the SSV Tole Mour center on sail training, marine science, island ecology and teamwork.

School programs are offered for 3 days, 5 days or weekends for up to 230 participants with fees ranging from \$186 to \$388 per student. Tuition for summer camp programs range from \$925 to \$3,600 depending on the duration and location of the camp.

Although the participating schools and individuals are primarily from Southern California, the programs also attract from other areas including, but not limited to, Nevada, Arizona, Colorado. From September 2008 to August 2009, GDI served over 44,000 students. Since its inception in 1978, over 500,000 students have participated in the programs.

GDI's programs meet the California Science Content Standards as adopted by the California State Board of Education. In addition, the sail training instruction on board the SSV Tole Mour is aligned with the guidelines set by the American Sail Training Association.

GDI's current Board of Directors are listed in Appendix A.

## PROJECT DESCRIPTION

Guided Discoveries, Inc. requests the financing of the acquisition and installation of a new waste treatment facility and improvements, renovation and new construction of educational facilities at its Camp Fox and Astrocamp locations and the refunding of existing tax-exempt I-Bank 2002 Bonds (2002 Bonds), outstanding in the amount of \$2,650,000 (Project) (see Appendix B—Aerial Views of Camp Fox).

The improvements to be made at Camp Fox on Santa Catalina Island include, primarily, the installation of a waste treatment plant and construction of new marine biology classrooms. Other improvements include:

- Enclose & renovate camper beach shelter
- Build dive locker
- Bathroom renovations
- Build climbing wall
- Paving, landscaping improvement pavers, benches shade
- Renovate 5 student cabins
- Install new ramp with support pilings
- Dining hall renovations
- Grass Field: prep irrigation, seed
- Build out new shop area
- Replace domestic water lines
- Install "Giant Swing"
- Install sand volleyball courts
- Remove large propane tank
- Build fuel storage area

The Astrocamp improvements will include:

- Solar System Motion Simulator
- Quantum science playground
- Alternate energy lab
- 20" Telescope Observatory
- Resurface Observatory Telescope area
- Omniglobe (a digital globe with a sphere-shaped screen)
- Upgrades to the Mars EVM Lab

Any remaining proceeds following the completion of the improvements listed above may be used to finance improvements at GDI's Toyon Bay facility on Santa Catalina Island.

The proceeds of the 2002 Bonds were used for financing or refinancing of the acquisition, construction, rehabilitation and/or equipping of some or all of the following facilities: the GDI's office headquarters facility located in Claremont; the Astrocamp facility located in Idyllwild; and the sailing vessel Tole Mour, berthed at the Port of Long Beach and operated by GDI under charter.

The Project does not include any improvements to facilities that are operated for the purpose of providing housing to GDI employees. The Project does include improvements to facilities occupied by campers and resident counselors. However, the longest camp term is three weeks. Thus, the Project financed or refinanced with the proceeds these bonds does not include any housing.

## **FINANCING STRUCTURE**

GDI is requesting approval for the issuance of bonds (Bonds) in an amount not to exceed \$4,900,000. Payment of principal and interest on the Bonds will initially be enhanced by a letter of credit provided by Comerica Bank to be executed simultaneously with the

issuance of the Bonds. It is expected that the Bonds will carry a rating of “A/F1” from Fitch Ratings, Inc., based upon the letter of credit provider’s credit rating.

In no event shall the Bonds constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, and neither the State nor any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds except for the I-Bank. The Bonds constitute a special obligation of the I-Bank, payable solely from revenues consisting of repayments of the loan provided for in a loan agreement between the I-Bank and the GDI.

## **PUBLIC BENEFITS**

With the installation of the new waste treatment facility at Camp Fox on Santa Catalina Island, GDI will be able to expand the number of participants it can serve from 162 to 400. It will also help mitigate environmental impacts to better protect the ecosystem of the Island. In addition, the upgrades and improvements to both Camp Fox and Astrocamp will allow GDI to upgrade its facilities utilized to educate youth in various disciplines of science.

As such, the Project will also help GDI maintain, enhance and expand its ability to engage in educational and recreational activities for grades 4-12 as well as for individuals aged 8-17 participating in summer camps.

GDI estimates that refinancing the 2002 Bonds, combined with the new money, amortized over a term not to exceed 25 years will generate an annual cash flow savings of approximately \$60,000.

OTHER PROJECT DATA	
1. PROJECT NUMBER	
2. PROJECT NAME	
3. PROJECT LOCATION	
4. PROJECT DESCRIPTION	
5. PROJECT STATUS	
6. PROJECT START DATE	
7. PROJECT END DATE	
8. PROJECT BUDGET	
9. PROJECT SPONSOR	
10. PROJECT CONTACT	
11. PROJECT RISK	
12. PROJECT COMPLETION	
13. PROJECT REVIEW	
14. PROJECT APPROVAL	
15. PROJECT SIGNATURE	
16. PROJECT DATE	
17. PROJECT REVIEWER	
18. PROJECT APPROVER	
19. PROJECT SIGNATURE	
20. PROJECT DATE	

PERMITS AND APPROVAL	
Required?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES, Describe: A temporary fuel storage permit will be obtained prior to work commencing.
TEFRA	
Date of TEFRA	March 1, 2010
Publications	<i>The Sacramento Bee</i> <i>Inland Valley Daily Bulletin</i> <i>Long Beach Press-Telegram</i> <i>The Press-Enterprise</i> <i>The Catalina Islander Newspaper</i>
Oral/Written Comments Received	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES, Explain:
LEGAL QUESTIONNAIRE	
Completed?	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES
Issues?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES
ELIGIBILITY REVIEW	
Borrower meets all of the I-Bank eligibility criteria? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	<ol style="list-style-type: none"> <li>1. The Project is in the State of California.</li> <li>2. GDI is capable of meeting its obligations incurred under the proposed loan agreement, and, in particular as to its loan repayment obligations which secure the Bonds, as a result of GDI's ability to satisfy the requirements imposed by Comerica, as the provider of the initial letter of credit, which is the basis for the anticipated rating on the Bonds.</li> <li>3. Payments to be made by GDI to the I-Bank under the proposed loan agreement are adequate to pay the current expenses of the I-Bank in connection with the financing and to make all the scheduled payments on the Bonds.</li> <li>4. The proposed financing is appropriate for the Project.</li> <li>5. GDI has represented that the Project is consistent with any existing local or regional comprehensive plans.</li> </ol>
INDUCEMENT CERTIFICATE	
Completed?	<input type="checkbox"/> NO <input type="checkbox"/> YES Certificate No.: <input checked="" type="checkbox"/> N/A Date:

## RECOMMENDATION

Staff recommends approval of Resolution 10-10 for an amount not to exceed \$4,900,000 for Guided Discoveries, Inc.

## APPENDIX A – GOVERNANCE

BOARD MEMBERS	
Ross Turner	President
Kristu Turner	Secretary/Treasurer
Steve Garrett	Chairman of the Board
Kristi Turner	Secretary/Treasurer
Ross Turner	Member-at-Large
Gerald C. Tambe	Member-at-Large
Larry Jones M.D.	Member-at-Large
Dr. Lee Goldstein	Member-at-Large
Wayne Whitehill	Member-at-Large



## APPENDIX B – AERIAL VIEWS OF CAMP FOX



Camp Fox located at Buttonshell Beach on Santa Catalina Island.

